

**MOC-FLOYD VALLEY
COMMUNITY SCHOOL DISTRICT
INDEPENDENT AUDITORS' REPORT
JUNE 30, 2014**

**MOC-FLOYD VALLEY COMMUNITY SCHOOL DISTRICT
FOR THE YEAR ENDED JUNE 30, 2014
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MOC-FLOYD VALLEY COMMUNITY SCHOOL DISTRICT

BOARD MEMBERS AND OFFICIALS

June 30, 2014

<u>Name</u>		<u>Term Expires</u>
Gerald Van Roekel	President	2015
Shane Jager	Vice President	2015
Christine Koerselman	Board Member	2017
Bruce Schult	Board Member	2015
Amy Kleinhesselink	Board Member	2015
Officials		
Russ Adams	Superintendent	2014
Kim Dykstra	Board Secretary	2014
Scott Kooiman	Board Treasurer	2014
Stephen F. Avery	Attorney	2014



21 1st Avenue NW
P.O. Box 1010
Le Mars, IA 51031
Phone (712) 546-7801
Fax (712) 546-6543
www.williamscpas.com

INDEPENDENT AUDITOR'S REPORT

To the Board of Education of
MOC-Floyd Valley Community School District
Orange City, Iowa

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activity, each major fund, and the aggregate remaining fund information of the MOC-Floyd Valley Community School District, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activity, each major fund, and the aggregate remaining fund information of the MOC-Floyd Valley Community School District as of June 30, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis, budgetary comparison information, and the schedule of funding progress for the retiree health plan on pages 5 through 14 and 39 through 41 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

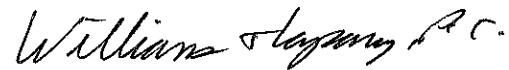
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the ten years ended June 30, 2013 (which are not presented herein) and expressed unmodified opinions on those financial statements. The other supplementary information included in Schedules 1 through 6 is presented for purposes of additional analysis and is not a required part of the financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The other supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the other supplementary information and the schedule of

expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated November 24, 2014 on our consideration of the MOC-Floyd Valley Community School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the MOC-Floyd Valley Community School District's internal control over financial reporting and compliance.



Certified Public Accountants

Le Mars, Iowa
November 24, 2014

MOC-FLOYD VALLEY MANAGEMENT DISCUSSION AND ANALYSIS

MOC-Floyd Valley School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2014. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

2014 FINANCIAL HIGHLIGHTS

General fund revenues increased by approximately 4% from \$13,474,401 in fiscal year 2013 to \$14,072,829 in fiscal year 2014, while General fund expenditures also increased from \$13,225,877 in fiscal year 2013 to \$13,429,696 in fiscal year 2014, an approximate 2% increase. The district's general fund balance increased from \$2,654,207 in fiscal year 2013 to \$3,297,340 in fiscal year 2014, a 24% increase.

The District completed the 3rd year of a sharing agreement with the West Sioux Community School District for business management services in fiscal year 2014. The remaining funding for the 3rd year of sharing was received during the 2014 fiscal year.

The District enrollment increased by approximately 35 students. The state allowable growth was set at two percent for the 2013-14 fiscal year with an additional two percent coming in as miscellaneous income. The allowable growth for the 2014-15 fiscal year was set at four percent.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the District's financial activities.

The Government-wide Financial Statements consist of a Statement of Net Position and a Statement of Activities. These provide information about the activities of MOC-Floyd Valley Community School District as a whole and present an overall view of the District's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report MOC-Floyd Valley Community School District's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which MOC-Floyd Valley Community School District acts solely as an agent or custodian for the benefit of those outside of the District.

Notes to financial statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the District's budget for the year, as well as presenting the Schedule of Funding Progress for the Retiree Health Plan.

Other Supplementary Information provides detailed information about the non-major Special Revenue Funds, Capital Project Funds, and Debt Service Fund. In addition, the Schedule of Expenditures of Federal Awards provides details of various programs benefiting the District.

Figure A-1 shows how the various parts of this annual report are arranged and relate to one another.

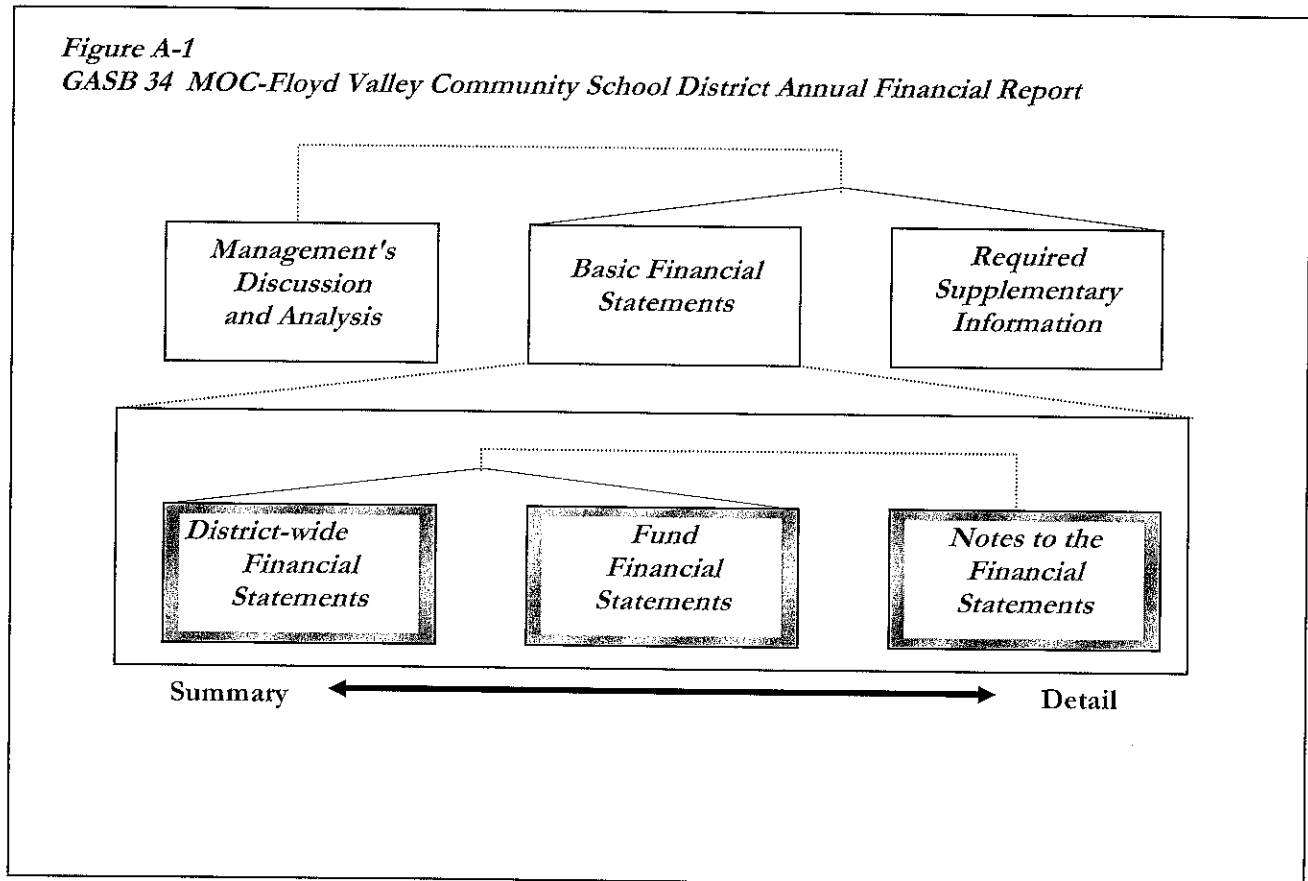


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

Figure A-2 Major Features of the Government-wide and Fund Financial Statements				
	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the District operates similar to private businesses: food services and adult education	Instances in which the District administers resources on behalf of someone else, such as scholarship programs
Required financial statements	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net position • Statement of revenues, expenses and changes in fund net position • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net position • Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

The two government-wide financial statements report the District's net position and how it has changed. Net position – the difference between the District's assets and liabilities – is one way to measure the District's financial health or financial position. Over time, increases or decreases in the District's net position is an indicator of whether financial position is improving or deteriorating. To assess the District's overall health, additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities, need to be considered.

In the government-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities:* Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property tax and state aid finance most of these activities.
- *Business type activities:* The District charges fees to help cover the costs of certain services it provides. The District's school nutrition program is included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

Some funds are required by state law and by bond covenants. The District establishes other funds to control and manage money for particular purposes, such as accounting for student activity funds, or to show that it is properly using certain revenues, such as federal grants.

The District has three kinds of funds:

- 1) *Governmental funds:* Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

The District's governmental funds include the General Fund, Special Revenue Funds, Debt Service Fund and Capital Project Funds.

The required financial statements for governmental funds include a balance sheet and a statement of revenues, expenditures and changes in fund balances.

- 2) *Proprietary funds:* Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide financial statements. The District's Enterprise Fund, one type of proprietary fund, is the same as its business type activity, but provides more detail and additional information, such as cash flows. The District currently has one Enterprise Fund, the School Nutrition Fund.

The required financial statements for proprietary funds include a statement of net position, a statement of revenues, expenses and changes in fund net position and a statement of cash flows.

- 3) *Fiduciary Funds:* The District is the trustee, or fiduciary, for assets that belong to others. The District's fiduciary funds include an agency fund for the District's flex cafeteria plan for employees and an agency fund for the District's Band Parent organization.

The District is responsible for ensuring the assets reported in the fiduciary funds are used only for their intended purposes and by those to whom the assets belong. The District excludes this activity from the government-wide statements because it cannot use these assets to finance its operations.

The required financial statements for fiduciary funds includes a statement of fiduciary net position and a statement of changes in fiduciary net position.

Reconciliations between the government-wide financial statements and the fund financial statements follow the fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-3 below provides a summary of the District's net position at June 30, 2013 and 2014

Condensed Statement of Net Position

	Governmental Activities		Business-type Activities		Total District		Total %
	2013	2014	2013	2014	2013	2014	Change
Current and other assets	\$ 11,586,474	\$ 12,746,150	\$ 193,079	\$ 247,158	\$ 11,779,553	\$ 12,993,308	10.3%
Capital Assets	11,133,801	11,027,325	161,553	167,538	11,295,354	11,194,863	-0.9%
Total Assets	22,720,275	23,773,475	354,632	414,696	23,074,907	24,188,171	4.8%
Current Liabilities	2,621,189	2,984,205	17,528	22,611	2,638,717	3,006,816	13.9%
Long-Term Liabilities	1,399,624	720,399	6,290	5,165	1,405,914	725,564	-48.4%
Total Liabilities	4,020,813	3,704,604	23,818	27,776	4,044,631	3,732,380	-7.7%
Deferred Inflows of Resources	5,022,665	5,147,264	-	-	5,022,665	5,147,264	2.5%
Net Position							
Net Investment in Capital Assets	9,117,203	9,669,325	161,553	167,538	9,278,756	9,836,863	6.0%
Restricted	1,263,743	1,425,892	-	-	1,263,743	1,425,892	12.8%
Unrestricted	3,295,851	3,826,390	169,261	219,382	3,465,112	4,045,772	16.8%
Total Net Position	\$ 13,676,797	\$ 14,921,607	\$ 330,814	\$ 386,920	\$ 14,007,611	\$ 15,308,527	9.3%

The District's total net position increased by 9.3% or approximately \$1,300,000 over the prior year. The largest portion of the District's net position is the net investment in capital assets, less the related debt. The debt related to the investment in capital assets is liquidated with sources other than capital assets.

For fiscal year 2014, long term liabilities decreased by approximately 48.4% due to payment on the 2012 Series SILO Revenue Bonds. The central administration office has moved into a new location and the existing central administration office has been sold. During the 2013-14 fiscal year, a citizens committee met and made recommendations for updates and renovations to our existing facilities. Work has begun on some of these renovations during this fiscal year. Sales Tax Revenue Bonds will be sold in fiscal year 2015 to finance these and various other projects throughout the district. Restricted net position represents resources

that are subject to external restrictions, constitutional provisions, or enabling legislation on how they can be used. The District's restricted net position increased by \$162,149 or 12.8% from the prior year. Categorical funding increased by approximately \$100,000. One of the private preschool providers opted out of the preschool partnership; however, since the preschool count is based on the prior year, the funding was received during this fiscal year.

Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – increased \$580,660 or 16.8%. This increase is largely due to an increase in the General Fund fund balance and a decrease in the amount of bonds payable. This increase is largely due to lower salaries that were paid to new staff that replaced the early retirees from the prior year. The increase also reflects nearly \$100,000 in restricted fund balance for preschool.

Figure A-4 shows the change in net position for the years ending June 30, 2013 and 2014.

Figure A-4

Changes in Net Position from Operations

	Governmental Activities		Business-type Activities		Total District		Total % Change
	2013	2014	2013	2014	2013	2014	
Revenue:							
Program Revenue:							
Charges for Services	\$ 803,373	\$ 823,615	\$ 456,391	\$ 475,584	\$ 1,259,764	\$ 1,299,199	3.1%
Operating Grants and Contributions	1,976,051	2,118,726	276,421	318,824	2,252,472	2,437,550	8.2%
Capital Grants and Contributions	42,372	-	-	-	42,372	-	100.0%
General Revenues:							
Property Tax	5,147,099	5,023,614	-	-	5,147,099	5,023,614	-2.4%
Instructional Support Surtax	740,627	732,128	-	-	740,627	732,128	-1.1%
Statewide Sales, Services, and Use Tax	1,167,384	1,168,653	-	-	1,167,384	1,168,653	0.1%
Unrestricted State Grants	5,645,223	5,884,383	-	-	5,645,223	5,884,383	4.2%
Unrestricted							
Investment Earnings	94,963	104,236	4,704	5,249	99,667	109,485	9.9%
Gain on Disp of Assets	-	171,113	-	-	-	171,113	100.0%
Other	71,856	156,248	6,102	4,027	77,958	160,275	105.6%
Transfers	9,400	-	(9,400)	-	-	-	0.0%
TOTAL REVENUES	15,698,348	16,182,716	734,218	803,684	16,432,566	16,986,400	3.4%
Program Expenses:							
Instruction	9,945,186	10,264,998	-	-	9,945,186	10,264,998	3.2%
Support Services	3,873,726	3,750,971	-	-	3,873,726	3,750,971	-3.2%
Non-instructions Programs	54,062	56,959	743,785	747,578	797,847	804,537	0.8%
Other Expenses	830,027	871,712	-	-	830,027	871,712	5.0%
TOTAL EXPENSES	14,703,001	14,944,640	743,785	747,578	15,446,786	15,692,218	1.6%
Change in Net Position	\$ 995,347	\$ 1,238,076	\$ (9,567)	\$ 56,106	\$ 985,780	\$ 1,294,182	31.3%

Property tax, statewide sales, services and use tax, and unrestricted state grants account for 75% of the total revenue. The District's expenses primarily relate to instruction and support services, which account for 93% of the total expenses.

Governmental Activities

Figure A-5 presents the cost of four major district activities: instruction, support services, non-instructional programs and other expenses. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial impact placed on the taxpayers by each function.

Figure A-5
Net Cost of Governmental
Activities

	Total Cost of Services		%	Net Cost of Services		%
	2013	2014		2013	2014	
Instruction	\$9,945,186	\$10,264,998	3.2%	\$7,944,485	\$8,118,236	2.2%
Support Services	3,873,726	3,750,971	-3.2%	3,704,221	3,578,492	-3.4%
Non-Instructional	54,062	56,959	5.4%	11,688	12,695	100.0%
Other	830,027	871,712	5.0%	220,811	292,876	32.6%
TOTAL	\$14,703,001	\$14,944,640	1.6%	\$11,881,205	\$12,002,299	1.0%

- The cost financed by users of the District's programs was \$823,615, a decrease of \$20,242 from the previous year.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$2,118,726, an increase of \$100,303 from the prior year. This increase was due primarily to increased enrollment in special education.
- The net cost of governmental activities was financed with \$6,924,395 in property and other taxes and \$5,884,383 in unrestricted state grants.

Business Type Activities

Revenues and transfers of the District's business type activity were \$803,684 and expenses were \$747,578. The District's business type activity is the School Nutrition Fund. Revenues of this activity were comprised of charges for service, federal and state reimbursements and investment income. The district provides breakfast and noon meals to the local day care program and receives revenue from that entity for these services.

INDIVIDUAL FUND ANALYSIS

As previously noted, MOC-Floyd Valley Community School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported a combined fund balance of \$4,446,206, an increase over last year's ending fund balances of \$3,824,140. The balance reflects an increase of \$643,133 in the General Fund fund balance, and a decrease of \$21,067 in the Other Governmental Funds fund balance. As stated previously, the increase in the general fund balance is due to lower salaries that were paid to new staff that replaced the early retirees from the prior year and the restricted categorical funding for preschool.

Governmental Fund Highlights

- The increase in the District's General Fund financial position is the result of new staff that were hired to replace those teachers that took early retirement that are being paid at lower salaries. The general fund increased by approximately \$100,000 due to the preschool categorical funding that had not been spent.
- After extensive remodeling the central administrative offices were moved into the former Family Dollar Store, which had been purchased the prior year. This building houses the central administrative office and the other half of the building is being rented to Northwest Iowa Community College. It is being used as a career academy, attended by students from MOC-Floyd Valley Community School and Unity Christian High School. The former central administration office was sold to the Orange City Development Corporation on July 1, 2013, in the amount of \$240,000. The district made the first payment on the 2012 Series SILO Revenue Bond on July 1, 2013.
- During the 2013-14 fiscal year, a citizens committee was formed to review and make recommendations on our existing facilities. After careful study, a decision was made to initiate building improvements which would be financed through a Sales Tax Revenue Bond sale. Work on some of these projects began late in the fiscal year and many of these projects will extend into the 2014-15 and 2015-16 fiscal years. An \$8,213,864 Sales Tax Revenue Bond sale will finance these projects and took place on July 1, 2014. The bond sale was financed through the local banks.

Proprietary Fund Highlights

- The School Nutrition Fund net position increased from \$330,814 at June 30, 2013 to \$386,920 at June 30, 2014. The district received additional reimbursement for Severe Need Breakfast. Hospers Elementary was classified as a severe need school based upon free and reduced numbers. Lunch prices increased by five cents per meal, as mandated by the National School Lunch Program, while breakfast prices remained the same. Sales of services to the Day Care increased as did the National School Lunch Program revenue.
- The District initiated a Split Funding program for its health insurance needs during the 2010-11 fiscal year. A \$2,000 deductible health insurance policy is purchased from Wellmark. The district then self funds the deductible down to the \$500 or \$1,000 deductible plans that are offered to district employees. Revenues increased by \$11,477 from \$169,592 in 2012-13 to \$181,069 in 2013-14. Expenditures also increased by \$60,014 from \$84,527 in 2012-13 to \$144,541 in 2013-14. Part of the reason for the increase in expenses is because the district decided to offset the health insurance premium increase from Wellmark by using funds from the split funding account. Benefits for 2013-14 actually decreased from the prior year by \$12,134. After the first year, a savings of \$93,924 was realized, \$161,251 after the second year, \$251,011 after the third year, and a total of \$293,080 after the fourth year.

BUDGETARY HIGHLIGHTS

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following a required public notice and hearing. The budget may be amended during the year utilizing statutorily prescribed procedures. The District's budget is prepared on the accrual basis. During the year, expenditures did not exceed the certified amounts. Detail can be found in the supplementary information section of this report as required.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2014, the District had invested \$22,770,877 in a broad range of assets, including school buildings, athletic facilities, computer and audio-visual equipment, and administrative offices. (See Figure A-6) More detailed information about capital assets can be found in Note 4 to the financial statements. Total depreciation expense for governmental funds for the year was \$613,465 and \$20,501 for Food Service Operations.

Figure A-6

Capital Assets

	Governmental Activities		Business-type Activities		Total District		Total % Change
	2013	2014	2013	2014	2013	2014	
Land	\$ 337,624	\$ 337,624	\$ -	\$ -	\$ 337,624	\$ 337,624	0.0%
Constr in Progress	652,410	335,978	-	-	-	335,978	100.0%
Buildings	16,908,843	17,442,256	-	-	16,908,843	17,442,256	3.2%
Improvements other than buildings	745,574	758,468	-	-	745,574	758,468	1.7%
Furniture and Equipment	3,532,137	3,623,596	247,855	272,955	3,779,992	3,896,551	3.1%
Total Assets	\$ 22,176,588	\$ 22,497,922	\$ 247,855	\$ 272,955	\$ 21,772,033	\$ 22,770,877	4.6%

Long-Term Debt

At year end, the District had \$1,358,000 in SILO Revenue bonds outstanding, \$13,135 in compensated absences, and \$18,264 in net OPEB liability. This is a decrease of \$828,041 from the prior year, largely due to the first payment made on the 2012 SILO Revenue Bonds.

Additional information about the District's long-term debt is presented in Note 6 to the financial statements.

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

At the time these financial statements were prepared and audited, the District was aware of several existing circumstances that could significantly affect its financial health in the future:

- The District enrollment for 2013-14 increased by approximately 35 students. The enrollment for the 2014-15 school year also shows an increase of about 15 students.
- Allowable growth was set at 2 per cent for the 2013-14 fiscal year. In addition, the district received an equivalent to 2% allowable growth or \$161,200 in state aid for the 2013-14 school year, which came in the form of miscellaneous income. The allowable growth for 2014-15 was set at 4% and has not been set for the 2015-16 fiscal year.

- An operational sharing arrangement ended June 30, 2013. Final revenues from this sharing agreement were received during the 2013-14 fiscal year.
- There continues to be some economic expansion in the community. The Bomgaars store has relocated to a new building and a Ben Franklin store has gone into the former Bomgaars building.
- The communities are in need of expanding the local workforce. The City of Orange City has several housing initiatives underway and plans are underway for the expansion of the Orange City Area Day Care Center.
- The City of Orange City has hired personnel to specifically focus on economic development and community growth.
- A new Hampton Inn has been built, located near the newly built Prairie Winds Event Center. The Casey's General Store is being relocated, near the new Hampton Inn, and will be enlarged.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Kim Dykstra, District Secretary and Business Manager, MOC-Floyd Valley Community School District, 709 8th Street SE, Orange City, Iowa 51041.

MOC-FLOYD VALLEY COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2014

	Governmental Activities	Business Type Activity	Total
ASSETS			
Cash and Pooled Investments	\$ 5,758,221	\$ 216,739	\$ 5,974,960
Receivables:			
Property Tax	59,970	-	59,970
Succeeding Year Property Tax	5,147,264	-	5,147,264
Income Surtax	564,765	-	564,765
Accounts	25,973	10,153	36,126
Due from Other Governments	475,441	-	475,441
Restricted Assets:			
Cash and Pooled Investments	695,082	-	695,082
Prepaid Expense	19,434	-	19,434
Inventories	-	20,266	20,266
Land	337,624	-	337,624
Construction in Progress	335,978	-	335,978
Infrastructure, Property and Equipment, Net of Accumulated Depreciation	10,353,723	167,538	10,521,261
Total Assets	23,773,475	414,696	24,188,171
LIABILITIES			
Accounts Payable	901,810	11,530	913,340
Salaries and Benefits Payable	1,393,025	993	1,394,018
Accrued Interest Payable	20,370	-	20,370
Unearned Revenue	-	10,088	10,088
Noncurrent Liabilities:			
Due Within One Year:			
Bonds Payable	669,000	-	669,000
Due in More Than One Year:			
Accrued Compensated Absences	13,135	5,165	18,300
Bonds Payable	689,000	-	689,000
Net OPEB Liability	18,264	-	18,264
Total Liabilities	3,704,604	27,776	3,732,380
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue -			
Subsequent Year Property Taxes	5,147,264	-	5,147,264
Total Deferred Inflows of Resources	5,147,264	-	5,147,264
NET POSITION			
Net Investment in Capital Assets	9,669,325	167,538	9,836,863
Restricted for:			
Categorical Funding	241,554	-	241,554
Debt Service	674,712	-	674,712
Management Levy	218,300	-	218,300
Physical Plant and Equipment Levy	163,568	-	163,568
Other Special Revenue Purposes	127,758	-	127,758
Unrestricted	3,826,390	219,382	4,045,772
Total Net Position	\$ 14,921,607	\$ 386,920	\$ 15,308,527

See Accompanying Notes to Financial Statements

MOC-FLOYD VALLEY COMMUNITY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants Contributions
Governmental Activities:			
Instruction:			
Regular Instruction	\$ 7,313,771	\$ 256,259	\$ 794,560
Special Instruction	1,732,434	139,901	521,370
Other Instruction	1,218,793	360,093	74,579
Support Services:			
Student Services	344,234	-	29,803
Instructional Staff Services	431,562	-	13,833
Administration Services	1,132,811	-	-
Operation and Maintenance	1,222,962	23,098	-
Transportation Services	619,402	-	105,745
Non-instructional Programs	56,959	44,264	-
Other Expenditures:			
Facilities Acquisition and Construction Services	250,915	-	-
Long-term Debt Interest	41,961	-	-
AEA Flowthrough	578,836	-	578,836
Total governmental activities	<u>14,944,640</u>	<u>823,615</u>	<u>2,118,726</u>
Business Type Activity:			
Non-instructional Programs			
Food Service Operations	<u>747,578</u>	<u>475,584</u>	<u>318,824</u>
Total	<u>\$ 15,692,218</u>	<u>\$ 1,299,199</u>	<u>\$ 2,437,550</u>
General Revenues:			
Property Tax Levied For:			
General Purposes			
Capital Outlay			
Instructional Support Surtax			
Statewide Sales, Services, and Use Tax			
Unrestricted State Grants			
Unrestricted Investment Earnings			
Gain (Loss) on Disposal of Assets			
Other			
Total general revenues and transfers			
Change in net position			
Net position - beginning			
Prior Period Adjustment			
Net position - beginning, as restated			
Net position - ending			

See Accompanying Notes to Financial Statements

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business Type Activity	Total
\$ (6,262,952)		\$ (6,262,952)
(1,071,163)		(1,071,163)
(784,121)		(784,121)
(314,431)		(314,431)
(417,729)		(417,729)
(1,132,811)		(1,132,811)
(1,199,864)		(1,199,864)
(513,657)		(513,657)
(12,695)		(12,695)
(250,915)		(250,915)
(41,961)		(41,961)
-		-
(12,002,299)		(12,002,299)
-	\$ 46,830	46,830
(12,002,299)	46,830	(11,955,469)
4,854,359	-	4,854,359
169,255	-	169,255
732,128	-	732,128
1,168,653	-	1,168,653
5,884,383	-	5,884,383
104,236	5,249	109,485
171,113	-	171,113
156,248	4,027	160,275
13,240,375	9,276	13,249,651
1,238,076	56,106	1,294,182
13,676,797	330,814	14,007,611
6,734	-	6,734
13,683,531	330,814	14,014,345
\$ 14,921,607	\$ 386,920	\$ 15,308,527

See Accompanying Notes to Financial Statements

MOC-FLOYD VALLEY COMMUNITY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2014

	General	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and Pooled Investments	\$ 4,723,935	\$ 737,652	\$ 5,461,587
Receivables:			
Property Tax	55,156	4,814	59,970
Succeeding Year Property Tax	4,716,310	430,954	5,147,264
Income Surtax	564,765	-	564,765
Accounts	19,884	6,089	25,973
Due from Other Governments	290,529	184,912	475,441
Restricted Assets:			
Cash and Pooled Investments	-	695,082	695,082
Prepaid Expense	19,434	-	19,434
Total Assets	<u>10,390,013</u>	<u>2,059,503</u>	<u>12,449,516</u>
LIABILITIES			
Liabilities:			
Accounts Payable	418,573	479,683	898,256
Salaries and Benefits Payable	1,393,025	-	1,393,025
Total Liabilities	<u>1,811,598</u>	<u>479,683</u>	<u>2,291,281</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue -			
Subsequent Year Property Taxes	4,716,310	430,954	5,147,264
Income Surtax	564,765	-	564,765
Total Deferred Inflows of Resources	<u>5,281,075</u>	<u>430,954</u>	<u>5,712,029</u>
Fund Balances:			
Restricted for:			
Categorical Funding	241,554	-	241,554
Debt Service	-	695,082	695,082
Management Levy	-	218,300	218,300
Physical Plant and Equipment Levy	-	163,568	163,568
Other Special Revenue Purposes	-	127,758	127,758
Unassigned	3,055,786	(55,842)	2,999,944
Total Fund Balances	<u>3,297,340</u>	<u>1,148,866</u>	<u>4,446,206</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 10,390,013</u>	<u>\$ 2,059,503</u>	<u>\$ 12,449,516</u>

See Accompanying Notes to Financial Statements

**MOC - FLOYD VALLEY COMMUNITY SCHOOL DISTRICT
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITON
JUNE 30, 2014**

Amounts reported for Governmental Activities in the Statement of Net Postion are different because:

Total Fund Balance - Governmental Funds (page 18)	\$ 4,446,206
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.	11,027,325
An internal service fund is used by management to fund and maintain the District's partially self-insured prescription drug plan provided to user departments and is included in the statement of net position.	293,080
Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.	(20,370)
Unearned revenues from the balance sheet that provide current financial resources for governmental activities.	564,765
Accrued compensated absences not reported on the modified accrual basis.	(13,135)
Long-term liabilities, including bonds payable, lease obligations payable, early retirement payable, and net OPEB liability are not due and payable in the current period and therefore are not reported in the funds.	
Revenue Bonds	\$ (1,358,000)
Net OPEB Liability	(18,264)
	<u>(1,376,264)</u>
Total Net Position - Governmental Activities (page 15)	<u>\$ 14,921,607</u>

MOC-FLOYD VALLEY COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	General	Other Governmental Funds	Total Governmental Funds
REVENUE:			
Local Sources:			
Local Tax	\$ 5,418,604	\$ 1,587,857	\$ 7,006,461
Tuition	372,889	-	372,889
Other	278,558	427,531	706,089
State Sources	7,494,983	140	7,495,123
Federal Sources	507,795	-	507,795
Total Revenue	<u>14,072,829</u>	<u>2,015,528</u>	<u>16,088,357</u>
EXPENDITURES:			
Current:			
Instruction:			
Regular Instruction	6,746,753	271,585	7,018,338
Special Instruction	1,733,992	-	1,733,992
Other Instruction	802,304	368,233	1,170,537
Support Services:			
Student Services	336,080	29,030	365,110
Instructional Staff Services	462,108	103,141	565,249
Administration Services	1,115,251	28,728	1,143,979
Operation and Maintenance	1,083,100	125,071	1,208,171
Transportation Services	527,748	28,903	556,651
Non-instructional Programs	43,524	13,576	57,100
Other Expenditures:			
Facilities Acquisition and Construction Services	-	586,893	586,893
Long-term Debt:			
Principal	-	658,597	658,597
Interest and Fiscal Charges	-	61,898	61,898
AEA Flowthrough	578,836	-	578,836
Total Expenditures	<u>13,429,696</u>	<u>2,275,655</u>	<u>15,705,351</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>643,133</u>	<u>(260,127)</u>	<u>383,006</u>
Other Financing Sources (Uses):			
Transfers In	-	719,399	719,399
Transfers Out	-	(719,399)	(719,399)
Proceeds from Sale of Fixed Assets	-	239,060	239,060
Total Other Financing Sources (Uses)	<u>-</u>	<u>239,060</u>	<u>239,060</u>
Net Change in Fund Balances	643,133	(21,067)	622,066
Fund Balances - Beginning of Year	2,654,207	1,163,199	3,817,406
Prior Period Adjustment	-	6,734	6,734
Fund Balances - Beginning of Year as restated	<u>2,654,207</u>	<u>1,169,933</u>	<u>3,824,140</u>
Fund Balances - End of Year	<u>\$ 3,297,340</u>	<u>\$ 1,148,866</u>	<u>\$ 4,446,206</u>

See Accompanying Notes to Financial Statements

MOC-FLOYD VALLEY COMMUNITY SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds (page 20)	\$ 622,066
<p>Governmental funds report capital outlays, including infrastructure, as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Depreciation expense exceeded capital outlays in the current year as follows:</p>	
Expenditures for capital assets	\$ 576,747
Depreciation expense	<u>(613,465)</u> (36,718)
Governmental funds report only the proceeds from the sale of capital assets as revenue whereas the statement of activities reports the gain or loss on the sale or disposal of fixed assets. This is the effect on the change in net position on the statement of activities.	(69,757)
Accrued interest expense that does not require current financial resources.	19,937
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues.	(82,295)
Internal service funds are used by management to fund and maintain the District's health insurance provided to user departments. The net income of the internal service funds is reported with governmental activities.	42,069
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, as follows:</p>	
Early retirement	73,952
Net OPEB Liability	3,540
Long-term accrual of compensated absences is not reported in the governmental funds as it does not consume current financial resources. The net change in the long-term compensated absences for the year was:	6,685
<p>The repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. The principal paid on long-term debt during the current year was as follows:</p>	
Bonds payable	649,000
Lease obligations payable	<u>9,597</u>
	<u>658,597</u>
Change in net position of governmental activities (page 17)	<u>\$ 1,238,076</u>

MOC-FLOYD VALLEY COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2014

	Business Type Activity School Nutrition Fund	Governmental Activities Internal Service
ASSETS		
Current Assets:		
Cash and Pooled Investments	\$ 216,739	296,634
Inventories	20,266	-
Receivables:		
Accounts	10,153	-
Total Current Assets	<u>247,158</u>	<u>296,634</u>
Noncurrent Assets:		
Infrastructure, Property and Equipment, Net of Accumulated Depreciation	167,538	-
Total Noncurrent Assets	<u>167,538</u>	<u>-</u>
Total Assets	<u>414,696</u>	<u>296,634</u>
LIABILITIES		
Current Liabilities:		
Accounts Payable	11,530	3,554
Salaries and Benefits Payable	993	-
Unearned Revenue	10,088	-
Total Current Liabilities	<u>22,611</u>	<u>3,554</u>
Noncurrent Liabilities:		
Accrued Compensated Absences	5,165	-
Total Noncurrent Liabilities	<u>5,165</u>	<u>-</u>
Total Liabilities	<u>27,776</u>	<u>3,554</u>
NET POSITION		
Net Investment in Capital Assets	167,538	-
Unrestricted	219,382	293,080
Total Net Position	<u>\$ 386,920</u>	<u>\$ 293,080</u>

MOC-FLOYD VALLEY COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	Business Type Activity School Nutrition Fund	Governmental Activities Internal Service
Operating Revenues:		
Charges for services	\$ 475,584	\$ 181,069
Miscellaneous	4,027	-
Total Operating Revenue	<u>479,611</u>	<u>181,069</u>
Operating Expenses:		
Non-Instructional Programs:		
Food Service Operations:		
Salaries	253,479	-
Benefits	50,312	-
Purchased Services	11,998	-
Supplies	405,808	-
Other	3,426	-
Depreciation	20,501	-
Other Enterprise Operations:		
Benefits	-	55,166
Purchased Services	-	89,375
Total Operating Expenses	<u>745,524</u>	<u>144,541</u>
Operating Income (Loss)	<u>(265,913)</u>	<u>36,528</u>
Non-Operating Revenues (Expenses):		
Interest Income	5,249	5,541
State Lunch Reimbursements	6,288	-
National School Lunch Program	262,180	-
Federal Food Commodities Received	50,356	-
Loss on Disposal of Capital Assets	(2,054)	-
Total Non-Operating Revenues	<u>322,019</u>	<u>5,541</u>
Change in net position	56,106	42,069
Net Position - beginning	<u>330,814</u>	<u>251,011</u>
Net Position - ending	<u>\$ 386,920</u>	<u>\$ 293,080</u>

See Accompanying Notes to Financial Statements

**MOC-FLOYD VALLEY COMMUNITY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014**

	Business Type Activity School Nutrition Fund	Governmental Activities Internal Service
Cash flows from operating activities:		
Cash received from sale of lunches and breakfasts	\$ 472,315	\$ -
Cash received from miscellaneous operating activities	4,027	181,069
Cash paid to employees for services	(305,986)	-
Cash paid to suppliers for goods or services	(368,547)	(147,527)
Total cash provided (used) by operating activities	<u>(198,191)</u>	<u>33,542</u>
Cash flows from noncapital financing activities:		
State grants received	6,288	-
Federal grants received	262,180	-
Total cash provided by noncapital financing activities	<u>268,468</u>	<u>-</u>
Cash flows from capital and related financing activities:		
Acquisition of capital assets	<u>(28,540)</u>	<u>-</u>
Cash flows from investing activities:		
Interest on investments	<u>5,249</u>	<u>5,541</u>
Net increase in cash and cash equivalents	46,986	39,083
Cash and cash equivalents - beginning of year	<u>169,753</u>	<u>257,551</u>
Cash and cash equivalents - end of year	<u><u>216,739</u></u>	<u><u>296,634</u></u>
Reconciliation of operating income (loss) to net cash provided (used) in operating activities:		
Operating income (loss)	(265,913)	36,528
Adjustments to reconcile net operating loss to net cash provided (used) by operating activities:		
Depreciation expense	20,501	-
Commodities used	50,356	-
(Increase) decrease in assets and increase (decrease) in liabilities:		
Accounts Receivable	(1,162)	-
Inventories	(5,931)	-
Accounts Payable	8,260	(2,986)
Salaries and Benefits Payable	(1,070)	-
Compensated Absences Payable	(1,125)	-
Unearned Revenue	<u>(2,107)</u>	<u>-</u>
Net cash provided (used) in operating activities	<u><u>\$ (198,191)</u></u>	<u><u>\$ 33,542</u></u>
Non-cash investing, capital and financing activities:		
Federal food commodities received	<u><u>\$ 50,356</u></u>	<u><u>\$ -</u></u>

See Accompanying Notes to Financial Statements

MOC - FLOYD VALLEY COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET POSITION
AGENCY FUNDS
JUNE 30, 2014

	<u>2014</u>
Assets:	
Cash and Temporary Cash Investments	\$ 55,185
Total Assets	<u>55,185</u>
Liabilities:	
Other Payables	<u>55,185</u>
Net Position	<u><u>\$ -</u></u>

MOC-FLOYD VALLEY COMMUNITY SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The MOC-Floyd Valley Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve and special education pre-kindergarten. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as vocational and recreational courses. The geographic area served includes the cities of Maurice, Orange City, Alton, Hospers, Newkirk and Granville, Iowa, and the predominate agricultural territory in Sioux and O'Brien Counties in Iowa. The district is governed by a Board of Education whose members are elected on a non-partisan basis.

The District's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Government Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, MOC-Floyd Valley Community School District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the District. MOC-Floyd Valley Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations - The District participates in a jointly governed organization that provides services to the District but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the Sioux County Assessor's Conference Board.

B. Basis of Presentation

Government-wide Financial Statements - The Statement of Net Position and the Statement of Activities report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for service. The District's internal service fund is classified as a governmental-type activity.

The Statement of Net Position presents the District's nonfiduciary assets and liabilities, with the difference reported as net position. Net position is reported in the following categories:

Net Investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.

Restricted net position results when constraints placed on net position use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

MOC-FLOYD VALLEY COMMUNITY SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Unrestricted net position consists of net position not meeting the definition of the two preceding categories. Unrestricted net position often has constraints on resources imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements – Separate financial statements are provided for governmental, proprietary and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The District reports the following major governmental fund:

The General Fund is the general operating fund of the District. All general tax revenues and other revenues not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, including instructional, support and other costs.

The District reports the following major proprietary fund:

The District's proprietary fund is the Enterprise, School Nutrition Fund. This fund is used to account for the food service operations of the District.

Additionally, the District reports the following fund types:

Internal Service Fund – Internal Service Funds account for operations that provide services to other departments or agencies of the government, or to other governments on a cost-reimbursement basis.

The District's internal service fund is presented in the proprietary fund financial statements. Because the principal users of the internal services are the District's governmental activities, the financial statements of the internal service fund are consolidated into the governmental activities column when presented in the government-wide financial statements. To the extent possible, the cost of these services is reported in the appropriate functional activity.

A description of the District's internal service fund is as follows:

Split-Funding Health Insurance – To account for the funding and maintenance of the District's partial self-funded health insurance provided to District employees.

Fiduciary Funds – Fiduciary Funds focus on net position and changes in net position. The District's fiduciary funds are as follows:

MOC-FLOYD VALLEY COMMUNITY SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Flex Agency Fund – The Flex account is the District's cafeteria plan. Employees of the District deposit monies into this fund, which are held by the District until they are disbursed back to the depositor.

Band Parents Agency Fund – This fund is used to account for assets held by the District as an agent for this private organization.

C. Basis of Accounting/Measurement Focus

The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year-end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financial sources.

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the District's policy is generally to first apply the expenditure toward restricted fund balance and then to less restricted classifications – committed, assigned, and then unassigned fund balances.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's Enterprise Fund is charges to customers for sales and services. Operating expenses for Enterprise Funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

MOC-FLOYD VALLEY COMMUNITY SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the financial statements:

Cash, Pooled Investments and Cash Equivalents – The cash balances of most District funds are pooled and invested. Investments are stated at fair value.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months.

Property Tax Receivable – Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2012 assessed property valuations; is for the tax accrual period July 1, 2013 through June 30, 2014 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2013.

Due from Other Governments – Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories – Inventories are valued at cost using the first-in, first-out method for purchased items and government commodities. Inventories of proprietary funds are recorded as expenses when consumed rather than when purchased or received.

Prepaid Expenses – Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Capital Assets – Capital assets, which include property, furniture and equipment, are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of \$2,000 for governmental capital assets and \$500 for school nutrition capital assets.

MOC-FLOYD VALLEY COMMUNITY SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets are depreciated using the straight-line method over the following estimated useful lives:

Asset Class	Estimated Useful Lives (In Years)
Buildings	50 years
Improvements other than buildings	20-50 years
Furniture and equipment	5-15 years

Salaries and Benefits Payable – Payroll and related expenditures for teachers with annual contracts corresponding to the current school year, which are payable in July and August, have been accrued as liabilities.

Deferred Outflow/Inflows of Resources – In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has no items that qualify for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflow of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has two types of items that qualify for reporting in this category. The governmental activities in the government-wide statements and the governmental funds report unavailable revenues from subsequent year property taxes. The governmental funds also report unavailable revenues from the income surtax. These amounts are deferred and recognized as an inflow of resources in the period that amounts become available.

Compensated Absences – District employees can accumulate a limited amount of earned but unused sick pay for subsequent use or for partial payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide financial statements and the proprietary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on a flat dollar amount per day. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

Long-Term Liabilities – In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the Statement of Net Position.

Fund Equity – In the governmental fund financial statements, fund balances are classified as follows:

Restricted – Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or imposed by law through constitutional provisions or enabling legislation.

Unassigned – All amounts not included in other spendable classifications.

MOC-FLOYD VALLEY COMMUNITY SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Restricted Net Position – In the government-wide Statement of Net Position, net position is reported as restricted when constraints placed on net position use are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or are imposed by law through constitutional provisions or enabling legislation.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2014, expenditures did not exceed the amounts budgeted.

NOTE 2 – CASH AND POOLED INVESTMENTS

The District's deposits in banks at June 30, 2014 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies, certain joint investment trusts; and warrants or improvement certificates of a drainage district.

Custodial Credit Risk – The District has no policy in place regarding custodial credit risk and deposits with financial institutions; however, deposits are insured by the state sinking fund, which provides for additional assessments against depositories to avoid loss of public funds.

Interest Rate Risk – This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

The District had no investments as of June 30, 2014 meeting the definition of GASB Statement 40.

NOTE 3 – INTERFUND TRANSFERS

The detail of short-term interfund transfers for the year ended June 30, 2014 is as follows:

<u>Transfer To</u>	<u>Transfer From</u>	<u>Amount</u>
Debt Service	Capital Project – LOST	\$ 708,581
Debt Service	Special Revenue - Physical Plant and Equipment	10,818
		<u>\$ 719,399</u>

Transfers generally move revenues from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

MOC-FLOYD VALLEY COMMUNITY SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2014

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2014 was as follows:

	Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 337,624	\$ -	\$ -	\$ 337,624
Construction in Progress	652,410	335,978	652,410	335,978
Total capital assets not being depreciated	990,034	335,978	652,410	673,602
Capital assets being depreciated:				
Buildings	16,908,843	656,166	122,753	17,442,256
Improvements other than buildings	745,574	12,894	-	758,468
Furniture and equipment	3,532,137	224,119	132,660	3,623,596
Total capital assets being depreciated	21,186,554	893,179	255,413	21,824,320
Less: Accumulated Depreciation for:				
Buildings	8,179,509	361,593	54,806	8,486,296
Improvements other than buildings	652,940	17,476	-	670,416
Furniture and equipment	2,210,338	234,396	130,849	2,313,885
Total Accumulated Depreciation	11,042,787	613,465	185,655	11,470,597
Total capital assets being depreciated, net	10,143,767	279,714	69,758	10,353,723
Governmental activities capital assets, net	\$ 11,133,801	\$ 615,692	\$ 722,168	\$ 11,027,325

Construction in progress as of June 30, 2014 consists of costs associated with the boiler project at the high school and with the remodel of the high school science classrooms.

	Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014
Business-type Activities:				
Furniture and equipment	\$ 246,656	\$ 28,540	\$ 2,241	\$ 272,955
Less: Accumulated Depreciation	85,103	20,501	187	105,417
Business-type activities capital assets, net	\$ 161,553	\$ 8,039	\$ 2,054	\$ 167,538

Depreciation expense was charged to the functions as follows:

Governmental Activities:	
Regular Instruction	\$ 364,376
Special Instruction	2,341
Other Instruction	67,593
Instructional Staff Services	31,487
Administration Services	33,921
Operation and Maintenance	50,026
Transportation Services	63,721
Total depreciation expenses – governmental activities	\$ 613,465
Business-type activities:	
Food Service Operations	\$ 20,501

MOC-FLOYD VALLEY COMMUNITY SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2014

NOTE 4 – CAPITAL ASSETS (CONTINUED)

Reconciliation of Net Investment in Capital Assets:

	Governmental Activities	Business- Type Activities
Land	\$ 337,624	\$ -
Construction in Progress	335,978	-
Capital Assets (net of accumulated depreciation)	10,353,723	167,538
Less: Bonds Payable	1,358,000	-
Net Investment in Capital Assets	<u>\$ 9,669,325</u>	<u>\$ 167,538</u>

NOTE 5 – OTHER POST EMPLOYMENT BENEFITS

Plan Description. The District operates a single-employer retiree benefit plan which provides medical and prescription drug benefits for employees, retirees and their spouses. Retired participants must be age 55 or older at retirement.

The health insurance is provided through a partially self-funded plan through Wellmark and administered by Three Rivers Benefit Corporation. Retirees under age 65 pay the same premium for the medical/prescription drug benefits as active employees, which results in an implicit rate subsidy and an OPEB liability.

Funding Policy. The District currently finances the retiree benefit plan on a pay-as-you-go basis.

Annual OPEB Cost and NET OPEB Obligation. The District's annual other post-employment benefit (OPEB) cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years.

The following table shows the components of the District's annual OPEB for the year, the amount actually contributed to the plan, and changes in the District's net OPEB obligation:

Annual required contribution	\$ 9,994
Interest on net OPEB obligation	436
Adjustment to annual required contribution	<u>(964)</u>
Annual OPEB cost (Expense)	9,466
Estimated contributions made	<u>13,006</u>
Decrease in net OPEB obligation	(3,540)
Net OPEB obligation – beginning of year	<u>21,804</u>
Net OPEB obligation – end of year	<u>\$ 18,264</u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2009. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the estimated contributions for the year ended June 30, 2014.

MOC-FLOYD VALLEY COMMUNITY SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2014

NOTE 5 – OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation are summarized as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2014	\$ 9,466	107.27%	\$ 18,264
2013	\$ 9,450	107.27%	\$ 21,804
2012	\$ 17,500	42.84%	\$ 22,491
2011	\$ 17,500	42.84%	\$ 14,994

Funded Status and Funding Progress. As of July 1, 2012, the most recent actuarial valuation date for the period July 1, 2013 through June 30, 2014, the actuarial accrued liability was \$114,520, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$114,520. The covered payroll (annual payroll of the active employees covered by the plan) was approximately \$6,900,000 and the ratio of the UAAL to covered payroll was 1.66%. As of June 30, 2014, there were no trust fund assets.

Actuarial Methods and Assumptions. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress for the retiree health plan, presented as required supplementary information in the section following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effect of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of the July 1, 2012 actuarial valuation date, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 2% interest discount rate based on the District's funding policy. The projected annual medical trend rate is 8%. The ultimate medical trend rate is 3%. The medical trend rate is reduced 1% each year until reaching the 3% ultimate trend rate. An inflation rate of 0% is assumed for the purpose of this computation. Mortality rates are from the RP2000 Group Annuity Mortality Table, applied on a gender-specific basis. Termination rates used in the actuarial valuation are based upon national termination studies performed by the Society of Actuaries and were adjusted to reflect the recent lower termination rates experienced by the District. Assumptions do not include any growth or decline in payroll per annum. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis for 30 years.

MOC-FLOYD VALLEY COMMUNITY SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2014

NOTE 6 – LONG-TERM LIABILITIES

Changes in long-term liabilities for the year ended June 30, 2014 are summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Revenue Bonds	\$ 2,007,000	\$ -	\$ 649,000	\$ 1,358,000	\$ 669,000
Lease Obligation	9,598	-	9,598	-	-
Early Retirement	159,218	-	159,218	-	-
Compensated Absences	19,820	1,110	7,795	13,135	-
Net OPEB Liability	21,804	-	3,540	18,264	-
 Governmental Activities Long-Term Liabilities	 \$ 2,217,440	 \$ 1,110	 \$ 829,151	 \$ 1,389,399	 \$ 669,000

Revenue Bonds

Details of the Districts June 30, 2014 statewide sales, services and use tax revenue bonded indebtedness are as follows:

Year Ending June 30,	Bond Issue of October 31, 2012			
	Interest Rates	Principal	Interest	Total
2015	3.0%	\$ 669,000	\$ 30,705	\$ 699,705
2016	3.0%	689,000	10,335	699,335
		<u>\$ 1,358,000</u>	<u>\$ 41,040</u>	<u>\$ 1,399,040</u>

The District has pledged future statewide sales, services, and use tax revenues to repay the revenue bonds issued in October, 2012. The bonds were issued for the purpose of refunding the 2006 revenue bonds and for the purpose of financing the construction costs associated with the new administration building. The bonds are payable solely from the proceeds of the statewide sales, services, and use tax revenues received by the District and are payable through 2016. The bonds are not a general obligation of the District. Annual principal and interest payments on the bonds are expected to require the majority of the statewide sales, services, and use tax revenues. The total principal and interest remaining to be paid on the notes is \$1,399,040. For the current year, \$709,677 of principal and interest was paid on the bonds and total statewide sales, services, and use tax revenues were \$1,168,653.

The resolution providing for the issuance of the statewide sales, services, and use tax revenue bonds includes the following provisions:

1. The proceeds from the issuance of the revenue bonds shall be deposited to the project account.
2. All proceeds from the statewide sales, services and use tax shall be placed in a revenue account.
3. Monies in the revenue account shall be disbursed to make deposits into a sinking account to pay the principal and interest requirements of the revenue bonds for the fiscal year.
4. Any monies remaining in the revenue account after the required transfer to the sinking account may be transferred to the project account to be used for any lawful purpose.

The District was in compliance with all of the provisions during the year ended June 30, 2014.

MOC-FLOYD VALLEY COMMUNITY SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2014

NOTE 6 – LONG-TERM LIABILITIES (CONTINUED)

Capital Leases

The District has entered into lease agreements as lessee for financing the acquisition of various copy machines and band instruments. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their minimum lease payments as of the inception date. These leases were fully paid in fiscal year 2014.

The assets acquired through capital leases are as follows:

	Governmental Activities
Asset:	
Furniture and Equipment	\$ 42,335
Less: Accumulated Depreciation	<u>20,814</u>
Total	<u>\$ 21,521</u>

Early Retirement

The District suspended their early retirement plan during the year ended June 30, 2014.

NOTE 7 – PENSION AND RETIREMENT BENEFITS

The District contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits that are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa 50306-9117.

Plan members are required to contribute 5.95% of their annual covered salary and the District is required to contribute 8.93% of annual covered salary. Contribution requirements are established by State statute. The District's contribution to IPERS for the years ended June 30, 2014, 2013, and 2012 were \$735,330, \$727,377 and \$648,723, respectively equal to the required contributions for each year.

NOTE 8 – RISK MANAGEMENT

MOC-Floyd Valley Community School District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 9 – AREA EDUCATION AGENCY

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$578,836 for the year ended June 30, 2014 and is recorded in the General Fund.

MOC-FLOYD VALLEY COMMUNITY SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2014

NOTE 10 – SPLIT FUNDING HEALTH INSURANCE PLAN

The District's Split Funding Health Insurance Fund was established during fiscal year 2011 to account for the partial self-funding of the District's prescription drug benefit and health insurance plans. The plan is funded by District contributions and is administered through a service agreement with Three Rivers Benefit Corporation. The District assumed liability for co-pay amounts of \$5 to \$20 for prescription drugs and \$500 to \$1,000 for health insurance depending on the coverage selected by the employee.

Claims payable and estimated claims incurred but not reported are recorded as liabilities of the Internal Services Fund.

	2014	2013
Claims Payable, beginning of year	\$ 6,414	\$ 7,555
Claims Paid	(58,026)	(68,501)
Claims Incurred	55,166	67,360
Claims Payable, end of year	<u>\$ 3,554</u>	<u>\$ 6,414</u>

NOTE 11 – CATEGORICAL FUNDING

The District's restricted fund balance for categorical funding at June 30, 2014 is comprised of the following programs:

<u>Program</u>	<u>Amount</u>
Four-year-old Preschool State Aid	\$ 146,941
Professional Development for Model Core Curriculum	38,281
Property Tax and State Aid Financed Weighted Limited English Proficient (LEP) and SBRC Modified Growth for LEP	29,596
Early Literacy Implementation	20,438
Teacher Leadership	6,298
	<u>\$ 241,554</u>

NOTE 12 – DEFICIT FUND BALANCE

The District has one fund with a deficit fund balance at June 30, 2014. The District intends to finance the deficit with future statewide sales, service, & use taxes.

The fund deficit was as follows:

Non-major capital project – Statewide Sales, Services and Use Tax	\$ 55,842
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NOTE 13 – CONSTRUCTION COMMITMENT

The District entered into an agreement for the boiler project at the high school. As of June 30, 2014, the District had incurred \$14,200 in expense on the project. The remaining commitment is approximately \$64,800.

MOC-FLOYD VALLEY COMMUNITY SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2014

NOTE 14 – SUBSEQUENT EVENT

In July 2014, the District issued \$8,213,864 in School Infrastructure Sales, Service & Use Tax Revenue and Refunding bonds to refinance the 2012 bonds and fund capital improvement projects. The 2014 bonds have an interest rate of 3.25% and a maturity date of January 1, 2030.

NOTE 15 – PROSPECTIVE ACCOUNTING CHANGE

The Governmental Accounting Standards Board has issued Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB No. 27*. This statement will be implemented for the fiscal year ending June 30, 2015. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with pension benefits, including additional note disclosures and required supplementary information. In addition, the Statement of Net Position is expected to include a significant liability for the government's proportionate share of the employee pension plan.

NOTE 16 – PRIOR PERIOD ADJUSTMENT

Funds related to the student activity fund were not included in the prior year's activity. A prior period adjustment was reported on the financial statements to recognize the effects of adding these funds in the current year. The prior period adjustment increased the beginning fund balance of the student activity fund by \$6,734.

REQUIRED SUPPLEMENTARY INFORMATION

MOC - FLOYD VALLEY COMMUNITY SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN BALANCES,
BUDGET AND ACTUAL, ALL GOVERNMENTAL FUNDS AND PROPRIETARY FUND

REQUIRED SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED JUNE 30, 2014

	Budgeted Amounts		Governmental	Proprietary	Total	Final to
	Original	Final	Funds	Fund	Actual	Actual
			Actual	Actual		Variance
REVENUE:						
Local Sources:						
Local Tax	\$ 5,650,421	\$ 5,650,421	\$ 7,006,461	\$ -	\$ 7,006,461	\$ 1,356,040
Tuition	309,001	309,001	372,889	-	372,889	63,888
Other	2,226,065	2,226,065	706,089	484,860	1,190,949	(1,035,116)
State Sources	7,205,049	7,205,049	7,495,123	6,288	7,501,411	296,362
Federal Sources	725,595	725,595	507,795	312,536	820,331	94,736
Total Revenue	16,116,131	16,116,131	16,088,357	803,684	16,892,041	775,910
EXPENDITURES:						
Current:						
Instruction	11,748,264	11,748,264	9,922,867	-	9,922,867	1,825,397
Support Services	4,847,871	4,847,871	3,839,160	-	3,839,160	1,008,711
Non-instructional Programs	1,068,214	1,068,214	57,100	745,524	802,624	265,590
Other Expenditures	1,959,054	1,959,054	1,886,224	-	1,886,224	72,830
Total Expenditures	19,623,403	19,623,403	15,705,351	745,524	16,450,875	3,172,528
Excess (Deficiency) of Revenues Over Expenditures	(3,507,272)	(3,507,272)	383,006	58,160	441,166	3,948,438
Other Financing Sources (Uses):						
Transfers In	720,558	720,558	719,399	-	719,399	(1,159)
Transfers Out	(720,558)	(720,558)	(719,399)	-	(719,399)	1,159
Proceeds from Sale of Fixed Assets	-	-	239,060	-	239,060	239,060
Total Other Financing Sources (Uses)	-	-	239,060	-	239,060	239,060
Net Change in Fund Balances	(3,507,272)	(3,507,272)	622,066	58,160	680,226	4,187,498
Fund Balances - Beginning of Year	4,148,220	4,148,220	3,817,406	330,814	4,148,220	-
Prior Period Adjustment	-	-	6,734	-	-	-
Fund Balances - Beginning of Year as restated	4,148,220	4,148,220	3,824,140	330,814	4,148,220	-
Fund Balances - End of Year	\$ 640,948	\$ 640,948	\$ 4,446,206	\$ 388,974	\$ 4,828,446	\$ 4,187,498

MOC-FLOYD VALLEY COMMUNITY SCHOOL DISTRICT
Notes to Required Supplementary Information – Budgetary Reporting
June 30, 2014

The budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds, except the internal service fund and the agency funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on a GAAP basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functional areas, not by fund or fund type. These four functional areas are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents functional area expenditures or expenses by fund, the legal level of control is at the aggregated functional area level, not at the fund or fund type level. This level of control is at a level higher than the individual fund. It is necessary, therefore, to aggregate the expenditures of governmental fund types with expenses of proprietary fund types on a functional area basis and to compare such functional area totals to functional area budgeted totals in order to demonstrate legal compliance with budget. The Code of Iowa also provides that District disbursements in the General Fund may not exceed the amount authorized by the school finance formula. During the year ended June 30, 2014, the District adopted no budget amendments.

MOC-FLOYD VALLEY COMMUNITY SCHOOL DISTRICT
Schedule of Funding Progress for the
Retiree Health Plan

Required Supplementary Information							
Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2011	July 1, 2009	-	\$ 190,458	\$ 190,458	0.00%	\$6,000,000	3.17%
2012	July 1, 2009	-	\$ 190,458	\$ 190,458	0.00%	\$6,500,000	2.93%
2013	July 1, 2012	-	\$ 114,520	\$ 114,520	0.00%	\$6,700,000	1.71%
2014	July 1, 2012	-	\$ 114,520	\$ 114,520	0.00%	\$6,900,000	1.66%

See Note 5 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB Cost and Net OPEB Obligation, funded status and funding progress.

OTHER SUPPLEMENTARY INFORMATION

MOC - FLOYD VALLEY COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2014

Schedule 1

REVENUES:

Local Sources:

Local Tax:

Property Tax	\$ 4,543,508
Mobile Home Tax	2,729
Utility Tax Replacement Excise Tax	57,944
Surtax	814,423
	<u>5,418,604</u>

Other Local Sources:

Interest on Investments	79,159
Tuition from Individuals	28,953
Tuition from Other Districts	343,936
Rent	23,098
Sharing Agreements	44,264
Miscellaneous	132,037
	<u>651,447</u>
	<u>6,070,051</u>

State Sources:

State Foundation Aid	6,741,603
Teacher Leadership Grants	9,984
Successful Progression for Early Readers Grant	22,843
Beginning Teacher Mentoring Program	10,400
Non-Public Transportation Aid	105,744
Non-Public Textbook and Technology Aid	10,817
Vocational Education Aid	12,184
AEA Flow-Through	578,836
Revenue in lieu of taxes - military credit	2,572
	<u>7,494,983</u>

Federal Sources:

Title I Grants to Local Educational Agencies	146,582
Improving Teacher Quality State Grants	44,247
Career and Technical Education - Basic Grants to States	13,634
Special Education Pass-Through - IDEA Grant	79,943
English Language Acquisition Grants	7,741
Title VI Grants for Assessments and Related Activities	7,282
Medicaid	208,366
	<u>507,795</u>

Total Revenue	\$	14,072,829
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Continued

MOC - FLOYD VALLEY COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GENERAL FUND - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2014

Schedule 1

EXPENDITURES:

Instruction:

Regular Instruction:

Salaries	4,681,652
Benefits	1,345,752
Services	569,088
Supplies	148,911
Other	1,350
	<u>6,746,753</u>

Special Education Instruction:

Salaries	1,147,003
Benefits	301,350
Services	266,860
Supplies	13,693
Property	5,086
	<u>1,733,992</u>

Vocational Instruction:

Salaries	329,187
Benefits	91,210
Services	1,788
Supplies	19,678
Property	4,456
	<u>446,319</u>

Co-curricular Instruction:

Salaries	282,694
Benefits	53,348
Services	9,126
	<u>345,168</u>

Nonpublic Instruction:

Supplies	10,817
	<u>10,817</u>

Total Instruction

\$ 9,283,049

Continued

MOC - FLOYD VALLEY COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GENERAL FUND - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2014

Schedule 1

Support Services:

Student Services:

Guidance Services:

Salaries	\$ 218,546
Benefits	59,711
Services	4,371
Supplies	419
	<u>283,047</u>

Health Services:

Salaries	36,560
Benefits	12,778
Services	1,219
Supplies	1,267
Other	1,209
	<u>53,033</u>

Total Student Services

336,080

Support Services:

Instructional Staff Services:

Improvement of Instruction Services:

Services	9,351
Supplies	1,755
Other	1,006
	<u>12,112</u>

Educational Media Services:

Salaries	176,131
Benefits	39,122
Services	2,100
Supplies	26,447
	<u>243,800</u>

Other Instructional Staff Support Services:

Salaries	96,440
Benefits	29,455
Services	32,434
Supplies	47,867
	<u>206,196</u>

Total Instructional Staff Services

\$ 462,108

Continued

**MOC - FLOYD VALLEY COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GENERAL FUND - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2014**

Schedule 1

Support Services (Continued):

Administration Services:

Executive Administration:

Salaries	\$ 159,244
Benefits	50,306
Services	13,697
Supplies	10,257
	<u>233,504</u>

School Administration:

Salaries	525,598
Benefits	183,262
Services	12,796
Supplies	976
	<u>722,632</u>

Business Administration:

Salaries	75,177
Benefits	19,285
Services	16,619
Supplies	366
Other	337
	<u>111,784</u>

Board of Education:

Services	32,803
Supplies	4,986
Other	9,542
	<u>47,331</u>

Total Administration Services:

1,115,251

Plant Operation and Maintenance:

Salaries	393,247
Benefits	101,465
Services	210,626
Supplies	375,538
Property	2,224
	<u>\$ 1,083,100</u>

Continued

**MOC - FLOYD VALLEY COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GENERAL FUND - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2014**

Schedule 1

Support Services (Continued):	
Student Transportation:	
Salaries	\$ 218,902
Benefits	42,965
Services	149,268
Supplies	114,227
Other	2,386
	<u>527,748</u>
Total Support Services	<u>3,524,287</u>
Non-instructional Programs:	
Community Services:	
Salaries	32,154
Benefits	11,370
	<u>43,524</u>
Other Expenditures:	
AEA Flow-Through	<u>578,836</u>
Total Expenditures	<u>13,429,696</u>
Excess of Revenues Over Expenditures	<u>643,133</u>
Net Change in Fund Balance	643,133
Fund Balance - Beginning of Year	<u>2,654,207</u>
Fund Balance - End of Year	<u>\$ 3,297,340</u>

**MOC - FLOYD VALLEY COMMUNITY SCHOOL DISTRICT
COMBINING BALANCE SHEET
GOVERNMENTAL NONMAJOR FUNDS
JUNE 30, 2014**

	Special Revenue Funds		
	Management Levy	Student Activity	Debt Service
ASSETS			
Cash and Pooled Investments	\$ 215,299	\$ 135,619	\$ -
Receivables:			
Property Tax	3,001	-	-
Succeeding Year Property Tax	249,998	-	-
Accounts	-	6,089	-
Due from Other Governments	-	-	-
Restricted Assets:			
Cash and Pooled Investments	-	-	695,082
Total Assets	468,298	141,708	695,082
LIABILITIES			
Liabilities:			
Accounts Payable	-	13,950	-
Total Liabilities	-	13,950	-
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue -			
Subsequent Year Property Taxes	249,998	-	-
Total Deferred Inflows of Resources	249,998	-	-
Fund Balances:			
Restricted For:			
Debt Service	-	-	695,082
Management Levy	218,300	-	-
Physical Plant and Equipment Levy	-	-	-
Other Special Revenue Purposes	-	127,758	-
Unassigned	-	-	-
Total Fund Balances	218,300	127,758	695,082
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 468,298	\$ 141,708	\$ 695,082

Schedule 2

Capital Projects			
Physical Plant and Equipment Levy	Statewide Sales, Services, and Use Tax	Total	
\$ 174,425	\$ 212,309	\$	737,652
1,813	-		4,814
180,956	-		430,954
-	-		6,089
-	184,912		184,912
-	-		695,082
357,194	397,221		2,059,503
12,670	453,063		479,683
12,670	453,063		479,683
180,956	-		430,954
180,956	-		430,954
-	-		695,082
-	-		218,300
163,568	-		163,568
-	-		127,758
-	(55,842)		(55,842)
163,568	(55,842)		1,148,866
\$ 357,194	\$ 397,221	\$	2,059,503

**MOC - FLOYD VALLEY COMMUNITY SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
GOVERNMENTAL NONMAJOR FUNDS
FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Special Revenue Funds</u>		
	<u>Management Levy</u>	<u>Student Activity</u>	<u>Debt Service</u>
REVENUE:			
Local Sources:			
Local Tax	\$ 250,037	\$ -	\$ -
Other	9,784	354,422	6,871
State Sources	140	-	-
Total Revenue	<u>259,961</u>	<u>354,422</u>	<u>6,871</u>
EXPENDITURES:			
Current:			
Instruction:			
Regular Instruction	67,445	-	-
Other Instruction	-	368,233	-
Support Services:			
Student Services	21,030	-	-
Instructional Staff Services	32,472	-	-
Administration Services	20,514	-	-
Operation and Maintenance	66,384	770	-
Transportation Services	25,891	-	-
Non-instructional Programs	13,576	-	-
Other Expenditures:			
Facilities Acquisition and Construction	-	-	-
Long-term Debt:			
Principal	-	-	658,597
Interest and Fiscal Charges	-	-	61,898
Total Expenditures	<u>247,312</u>	<u>369,003</u>	<u>720,495</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>12,649</u>	<u>(14,581)</u>	<u>(713,624)</u>
Other Financing Sources (Uses):			
Transfers In	-	-	719,399
Transfers Out	-	-	-
Proceeds from Sale of Fixed Asset	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>719,399</u>
Net Change in Fund Balance	12,649	(14,581)	5,775
Fund Balances - Beginning of Year	205,651	135,605	689,307
Prior Period Adjustment	-	6,734	-
Fund Balances - Beginning of Year Restated	<u>205,651</u>	<u>142,339</u>	<u>689,307</u>
Fund Balances - End of Year	<u>\$ 218,300</u>	<u>\$ 127,758</u>	<u>\$ 695,082</u>

Schedule 3

Capital Projects			
Physical Plant and Equipment Levy	Statewide Sales, Services, and Use Tax	Total	
\$ 169,167	\$ 1,168,653	\$ 1,587,857	
3,612	52,842	427,531	
-	-	140	
172,779	1,221,495	2,015,528	
120,403	83,737	271,585	
-	-	368,233	
8,000	-	29,030	
47,794	22,875	103,141	
6,370	1,844	28,728	
53,451	4,466	125,071	
1,327	1,685	28,903	
-	-	13,576	
70,731	516,162	586,893	
-	-	658,597	
-	-	61,898	
308,076	630,769	2,275,655	
(135,297)	590,726	(260,127)	
-	-	719,399	
(10,818)	(708,581)	(719,399)	
239,060	-	239,060	
228,242	(708,581)	239,060	
92,945	(117,855)	(21,067)	
70,623	62,013	1,163,199	
-	-	6,734	
70,623	62,013	1,169,933	
\$ 163,568	\$ (55,842)	\$ 1,148,866	

MOC - FLOYD VALLEY COMMUNITY SCHOOL DISTRICT
SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2014

					Schedule 4
	Balance June 30, 2013 as restated	Revenues	Expenditures	Operating Transfers	Balance June 30, 2014
Plays/Musical	\$ 2,959	\$ 2,814	\$ 1,775	\$ (916)	\$ 3,082
Iowa High School Speech	2	44	3,647	3,601	-
Speech Club	2,205	4,086	3,097	(269)	2,925
Vocal Robe Rent	9,356	-	-	-	9,356
Iowa High School Music	-	185	6,248	6,083	20
Band Instrument Rent	1,601	7,845	8,340	467	1,573
Band Uniform Rent	984	8,290	5,697	-	3,577
Jazz Band	723	611	1,784	450	-
Middle School Band	649	1,113	1,556	-	206
Music Gate Receipts	531	4,786	5,066	-	251
Peb Club/Cheerleaders	1,907	5,035	6,024	-	918
Dance Team	2,487	1,255	-	-	3,742
Athletics	12,157	123,090	122,543	2,600	15,304
Boys Basketball	-	3,678	3,178	-	500
Dutch Football	2,404	6,313	7,563	-	1,154
Joint Baseball/Softball	3,558	7,500	7,512	-	3,546
Joint Baseball/Softball Concessions	6,315	9,552	10,202	(1,100)	4,565
Wrestling Concessions	1,088	8,336	7,819	-	1,605
Youth Wrestling	1,169	120	-	-	1,289
Dutch Volleyball	6,999	7,587	11,275	-	3,311
Annual	4,791	12,377	16,392	-	775
Industrial Tech./Skills USA	455	21	-	-	476
Student Council	6,537	3,847	2,220	-	8,164
FFA Club	2,312	32,680	32,288	-	2,704
Class of 2019	400	300	-	-	700
Class of 2018	700	300	-	-	1,000
Class of 2017	1,000	-	-	-	1,000
Class of 2016	1,000	-	-	-	1,000
Class of 2015	1,000	8,884	7,497	-	2,387
Class of 2014	2,448	-	2,092	-	356
Class of 2013	271	-	-	(271)	-
Middle/High School Shop	293	290	407	-	176
Awards	3,439	987	625	-	3,801
Miscellaneous	4,670	12,019	10,493	(2,184)	4,012
Concessions	9,137	15,765	11,985	(7,555)	5,362
National Honor Society	889	342	295	-	936
Middle School Student Council	572	5,569	5,782	-	359
Middle School Magazines	12,223	36,532	38,446	(1,000)	9,309
Middle School Book Club	81	-	-	-	81
Middle School Pictures	2,170	873	1,080	-	1,963
Reading Counts	9,520	4,330	3,127	-	10,723

(Continued)

MOC - FLOYD VALLEY COMMUNITY SCHOOL DISTRICT
SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2014

	Balance June 30, 2013 as restated	Revenues	Expenditures	Operating Transfers	Schedule 4 Balance June 30, 2014
Orange City Outdoor Education	5,478	3,118	8,929	333	-
Orange City Elementary Pictures	7,963	8,978	9,879	-	7,062
Orange City Elementary Book Club	204	487	661	-	30
Orange City Elementary Care Fund	415	-	40	-	375
Hospers Elementary Pictures	543	944	985	(239)	263
Special Education Shop	6,734	3,539	2,453	-	7,820
Totals	\$ 142,339	\$ 354,422	\$ 369,002	\$ -	\$ 127,758

MOC - FLOYD VALLEY COMMUNITY SCHOOL DISTRICT
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

Schedule 5

	Balance June 30, 2013	Additions	Deductions	Balance June 30, 2014
<u>FLEX</u>				
<u>Assets</u>				
Cash and Pooled Investments	\$ 11,960	\$ 92,424	\$ 93,755	\$ 10,629
Total Assets	11,960	92,424	93,755	10,629
<u>Liabilities</u>				
Other Payables	11,960	92,424	93,755	10,629
Total Liabilities	11,960	92,424	93,755	10,629
 <u>Band Parents</u>				
<u>Assets</u>				
Cash and Pooled Investments	16,341	308,116	279,901	44,556
Total Assets	16,341	308,116	279,901	44,556
<u>Liabilities</u>				
Other Payables	16,341	308,116	279,901	44,556
Total Liabilities	16,341	308,116	279,901	44,556
 <u>Totals</u>				
<u>Assets</u>				
Cash and Pooled Investments	28,301	400,540	373,656	55,185
Total Assets	28,301	400,540	373,656	55,185
<u>Liabilities</u>				
Other Payables	28,301	400,540	373,656	55,185
Total Liabilities	\$ 28,301	\$ 400,540	\$ 373,656	\$ 55,185

MOC-FLOYD VALLEY COMMUNITY SCHOOL DISTRICT
SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION
ALL GOVERNMENTAL FUNDS
FOR THE TEN YEARS ENDED JUNE 30, 2014

	Modified Accrual Basis of Accounting				
	2014	2013	2012	2011	2010
Revenues:					
Local Sources:					
Local Tax	\$ 7,006,461	\$ 6,973,000	\$ 6,680,313	\$ 6,813,563	\$ 6,177,551
Tuition	372,889	317,588	306,496	251,986	213,050
Other	706,089	659,908	694,908	596,633	517,985
State Sources	7,495,123	7,181,925	7,484,581	6,763,471	6,006,701
Federal Sources	507,795	427,616	709,076	679,637	1,285,219
Total	16,088,357	15,560,037	15,875,374	15,105,290	14,200,506
Expenditures:					
Instruction:					
Regular	7,018,338	6,675,244	6,592,324	6,432,633	6,296,032
Special	1,733,992	1,710,672	1,660,435	1,755,192	1,774,807
Other	1,170,537	1,176,610	1,128,732	1,064,930	1,070,482
Support Services:					
Student	365,110	384,885	504,050	403,605	391,921
Instructional Staff	565,249	546,491	430,803	514,136	468,121
Administration	1,143,979	1,193,301	1,132,640	1,078,132	1,049,388
Operation and maintenance of plant	1,208,171	1,055,940	1,102,444	1,019,203	947,276
Transportation	556,651	590,443	663,479	490,124	545,967
Non-instructional programs	57,100	54,381	34,755	794	17,917
Other Expenditures:					
Facilities Acquisition	586,893	1,335,187	304,694	162,335	240,797
Long-term debt:					
Principal	658,597	232,040	668,385	839,184	805,096
Interest and other charges	61,898	30,978	95,544	133,508	167,597
AEA Flowthrough	578,836	554,844	557,266	603,338	588,853
Total	\$ 15,705,351	\$ 15,541,016	\$ 14,875,551	\$ 14,497,114	\$ 14,364,254

Schedule 6

Modified Accrual Basis of Accounting				
2009	2008	2007	2006	2005
\$ 5,920,879	\$ 5,742,777	\$ 5,717,087	\$ 5,422,730	\$ 5,617,211
206,596	227,197	245,447	238,086	203,510
516,071	595,337	653,974	796,282	558,505
6,855,748	6,350,048	5,662,514	5,230,501	5,180,289
638,707	585,683	356,122	408,004	389,042
14,138,001	13,501,042	12,635,144	12,095,603	11,948,557
6,248,844	5,848,218	5,245,267	4,745,983	4,548,117
1,620,557	1,403,884	1,274,833	1,050,820	1,109,891
1,087,334	1,100,724	1,146,584	1,178,431	1,102,055
387,817	365,581	367,276	327,830	298,770
471,129	437,981	474,641	491,826	445,567
1,023,237	997,004	988,093	966,342	894,523
971,881	926,787	961,151	851,118	696,566
547,162	497,695	476,459	488,615	435,149
15,187	11,799	12,784	12,896	13,321
355,452	194,210	612,353	3,568,453	3,016,635
768,865	721,864	625,209	600,000	570,000
202,359	236,861	256,253	279,828	74,396
522,985	494,092	460,286	436,066	432,179
\$ 14,222,809	\$ 13,236,700	\$ 12,901,189	\$ 14,998,208	\$ 13,637,169

**MOC-FLOYD VALLEY COMMUNITY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2014**

			Schedule 7
Grantor/Program	CFDA Number	Grant Number	Expenditures
Indirect:			
U.S. Department of Agriculture:			
Iowa Department of Education:			
School Nutrition Cluster Programs:			
School Breakfast Program	10.553	FY14	\$ 35,282
National School Lunch Program	10.555	FY14	277,254 **
			<u>312,536 *</u>
U.S. Department of Education:			
Iowa Department of Education:			
Title I Grants to Local Educational Agencies	84.010	FY14	146,583
Improving Teacher Quality State Grants	84.367	FY14	44,247
Grants for State Assessments & Related Activities	84.369	FY14	7,282
Northwest Area Education Agency:			
Special Education - Grants to States	84.027	FY14	79,943
Career and Technical Education - Basic Grants to States	84.048	FY14	13,634
English Language Acquisition Grants	84.365	FY14	<u>7,741</u>
Total			<u>\$ 611,966</u>

* Total expenditures from these programs exceed 50% of the total Federal Awards and are considered major programs.

** Includes \$50,356 of non-cash awards.

BASIS OF PRESENTATION

The Schedule of Expenditures of Federal Awards includes the federal grant activity of the MOC-Floyd Valley Community School District and is presented on the accrual or modified accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**MOC-FLOYD VALLEY COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014**

SCHEDULE 8

Part I: Summary of the Independent Auditor's Results

- (a) Unmodified opinions were issued on the financial statements.
- (b) A material weakness in internal control over financial reporting was disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No significant deficiencies in internal control over major programs were disclosed by the audit of the financial statements.
- (e) An unmodified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit disclosed no audit findings which are required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) Major programs were as follows:
 - Clustered programs:
 - CFDA Number 10.553 – School Breakfast Program
 - CFDA Number 10.555 – National School Lunch Program
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (I) MOC-Floyd Valley Community School District did not qualify as a low-risk auditee.

MOC-FLOYD VALLEY COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014

SCHEDULE 8

Part II: Findings Related to the Financial Statements

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

There were no prior year audit findings.

MATERIAL WEAKNESS:

II-A-14 Financial Reporting

Comment – During the audit, we identified material amounts of capital asset and construction in progress additions and deletions not recorded in the District's financial statements. Adjustments were subsequently made by the District to properly include those amounts in the financial statements.

Recommendation – The District should implement procedures to ensure all capital asset additions and deletions are identified and included in the District's financial statements.

Response – We will double check these in the future to avoid missing any capital asset transactions or other adjustments.

Conclusion – Response accepted.

Part III: Findings and Questioned Costs for Federal Awards

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

SIGNIFICANT DEFICIENCIES:

No matters were reported.

**MOC-FLOYD VALLEY COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014**

SCHEDULE 8

Part IV: Other Findings Related to Statutory Reporting

- IV-A-14 Certified Budget – Expenditures for the year ended June 30, 2014 did not exceed amounts budgeted.
- IV-B-14 Questionable Disbursements – No disbursements were noted that they may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.
- IV-C-14 Travel Expense – No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.
- IV-D-14 Business Transactions – Business transactions between the District and District Officials are detailed as follows:

Name, Title and Business Connection	Transaction Description	Amount
Gerald Van Roekel, Board Member Part-owner of Van Engelenhoven Agency	Insurance	\$168,052

This transaction may represent a conflict of interest and the District should contact legal council for determination.

- IV-E-14 Bond Coverage – Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.
- IV-F-14 Board Minutes – No transactions requiring Board approval which had not been approved by the Board were noted.
- IV-G-14 Certified Enrollment – A variance of -.90 was identified in the basic enrollment data certified to the Iowa Department of Education in October, 2013. The variance was discovered by the Department of Education and the District agrees with the variance.
- IV-H-14 Supplementary Weighting – No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.
- IV-I-14 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy were noted.

**MOC-FLOYD VALLEY COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014**

SCHEDULE 8

Part IV: Other Findings Related to Statutory Reporting (Continued)

- IV-J-14 Certified Annual Report – The Certified Annual Report was certified timely to the Department of Education.
- IV-K-14 Categorical Funding – No instances were noted of categorical funding being used to supplant rather than supplement other funds.
- IV-L-14 Statewide Sales, Services, and Use Tax – No instances of non-compliance with the use of the statewide sales, services, and use tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, services, and use tax revenue. Districts are required to include these reporting elements in the Certified Annual Report (CAR) submitted to the Iowa Department of Education. For the year ended June 30, 2014, the District reported the following information regarding the statewide sales, services, and use tax revenue in the District's CAR:

Beginning Balance		\$ 62,013
Statewide Sales and Services Tax Revenue	\$1,168,653	-
Other Local Revenues	52,842	1,221,495
		<u>1,283,508</u>
Expenditures/transfers out:		
Equipment	-	-
School infrastructure construction	516,161	-
Other	114,608	-
Transfers to other funds:		
Debt Service	708,581	1,339,350
Ending Balance		<u>\$ (55,842)</u>

For the year ended June 30, 2014, the District did not reduce any levies as a result of the moneys received under Chapter 423E or 423F of the Code of Iowa.

- IV-M-14 Student Activity Fund – In accordance with Chapter 298A.8 of the Code of Iowa and Iowa Administrative Rule 281-12.6(1), moneys in the Student Activity Fund should be used to support only the extracurricular and co-curricular activities offered as part of the District's educational program. We found no accounts that didn't appear to be extracurricular or co-curricular in nature.



21 1st Avenue NW
P.O. Box 1010
Le Mars, IA 51031
Phone (712) 546-7801
Fax (712) 546-6543
www.williamscpas.com

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Education of the
MOC-Floyd Valley Community School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activity, each major fund, and the aggregate remaining fund information of the MOC-FLOYD VALLEY COMMUNITY SCHOOL DISTRICT, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the MOC-Floyd Valley Community School District's basic financial statements, and have issued our report thereon dated November 24, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the MOC-Floyd Valley Community School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the MOC-Floyd Valley Community School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the MOC-Floyd Valley Community School District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified a certain deficiency in internal control over financial reporting that we consider to be a material weakness.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item II-A-14 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the MOC-Floyd Valley Community School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of

noncompliance or other matters that are described in Part IV of the accompanying schedule of findings and questioned costs.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2014 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

MOC-Floyd Valley Community School District's Response to Findings

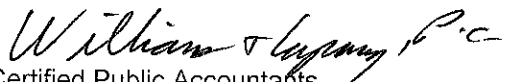
The MOC-Floyd Valley Community School District's response to findings identified in our audit is described in the accompanying schedule of findings and questioned costs. MOC-Floyd Valley Community School District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of MOC-Floyd Valley Community School District during the course of our audit. If you have any questions concerning any of the above matters, we would be pleased to discuss them with you at your convenience.

Le Mars, Iowa
November 24, 2014


Certified Public Accountants

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

To the Board of Education of the
MOC-Floyd Valley Community School District:

Report on Compliance for Each Major Federal Program

We have audited the compliance of MOC-FLOYD VALLEY COMMUNITY SCHOOL DISTRICT with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014. MOC-Floyd Valley Community School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the MOC-Floyd Valley Community School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal Program

In our opinion, the MOC-Floyd Valley Community School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

Report on Internal Control Over Compliance

The management of the MOC-Floyd Valley Community School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered MOC-Floyd Valley Community

School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the MOC-Floyd Valley Community School District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Williams & Lyman, P.C.
Certified Public Accountants

Le Mars, Iowa
November 24, 2014